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SENATE BILL 930

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Shannon Robinson

AN ACT

RELATING TO TAXATION; AMENDING THE INCOME TAX ACT TO ACCELERATE
PHASED-IN TAX RELIEF; REPEALING SECTIONS OF LAWS 2003, CHAPTER
2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-7 NMSA 1978 (being Laws 1994,
Chapter 5, Section 20, as amended, and also amended by Laws
2003, Chapter 2, Section 2) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by
Section 7-2-3 NMSA 1978 shall be at the following rates for any
taxable year beginning in 2003:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
[Not over \$4,000	1.7% of taxable income
Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of

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1 ~~excess over \$ 4,000~~
2 ~~Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of~~
3 ~~excess over \$ 8,000~~
4 ~~Over \$ 12,000 but not over \$ 20,000 \$ 384 plus 6.0% of~~
5 ~~excess over \$ 12,000~~
6 ~~Over \$ 20,000 but not over \$ 32,000 \$ 864 plus 7.1% of~~
7 ~~excess over \$ 20,000~~
8 ~~Over \$ 32,000 \$ 1,716 plus 7.7% of~~
9 ~~excess over \$ 32,000]~~
10 Not over \$4,000 1.7% of taxable income
11 Over \$ 4,000 but not over \$ 8,000 \$ 68.00 plus 3.2% of
12 excess over \$ 4,000
13 Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of
14 excess over \$ 8,000
15 Over \$12,000 \$ 384 plus 4.9% of
16 excess over \$ 12,000.

17 B. For surviving spouses and married individuals
18 filing joint returns:

19 If the taxable income is: The tax shall be:

20 [~~Not over \$8,000~~ ~~1.7% of taxable income~~
21 ~~Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of~~
22 ~~excess over \$ 8,000~~
23 ~~Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of~~
24 ~~excess over \$ 16,000~~
25 ~~Over \$ 24,000 but not over \$ 40,000 \$ 768 plus 6.0% of~~

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1 ~~excess over \$ 24,000~~
2 ~~Over \$ 40,000 but not over \$ 64,000 \$ 1,728 plus 7.1% of~~
3 ~~excess over \$ 40,000~~
4 ~~Over \$ 64,000 \$ 3,432 plus 7.7% of~~
5 ~~excess over \$ 64,000]~~
6 Not over \$8,000 1.7% of taxable income
7 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of
8 excess over \$ 8,000
9 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of
10 excess over \$ 16,000
11 Over \$ 24,000 \$ 768 plus 4.9% of
12 excess over \$ 24,000.

13 C. For single individuals and for estates and
14 trusts:

15 If the taxable income is: The tax shall be:

16 ~~[Not over \$5,500 1.7% of taxable income~~
17 ~~Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of~~
18 ~~excess over \$ 5,500~~
19 ~~Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of~~
20 ~~excess over \$ 11,000~~
21 ~~Over \$ 16,000 but not over \$ 26,000 \$ 504.50 plus 6.0% of~~
22 ~~excess over \$ 16,000~~
23 ~~Over \$ 26,000 but not over \$ 42,000 \$1,104.50 plus 7.1% of~~
24 ~~excess over \$ 26,000~~
25 ~~Over \$ 42,000 \$2,240.50 plus 7.7% of~~

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1		excess over \$ 42,000]
2	<u>Not over \$ 5,500</u>	<u>1.7% of taxable income</u>
3	<u>Over \$ 5,500 but not over \$ 11,000</u>	<u>\$ 93.50 plus 3.2% of</u>
4		<u>excess over \$ 5,500</u>
5	<u>Over \$ 11,000 but not over \$ 16,000</u>	<u>\$ 269.50 plus 4.7% of</u>
6		<u>excess over \$ 11,000</u>
7	<u>Over \$ 16,000</u>	<u>\$ 504.50 plus 4.9% of</u>
8		<u>excess over \$ 16,000.</u>

D. For heads of household filing returns:

If the taxable income is: The tax shall be:

11	[Not over \$7,000	1.7% of taxable income
12	Over \$ 7,000 but not over \$ 14,000	\$ 119 plus 3.2% of
13		excess over \$ 7,000
14	Over \$ 14,000 but not over \$ 20,000	\$ 343 plus 4.7% of
15		excess over \$ 14,000
16	Over \$ 20,000 but not over \$ 33,000	\$ 625 plus 6.0% of
17		excess over \$ 20,000
18	Over \$ 33,000 but not over \$ 53,000	\$1,405 plus 7.1% of
19		excess over \$ 33,000
20	Over \$ 53,000	\$2,825 plus 7.7% of
21		excess over \$ 53,000]
22	<u>Not over \$7,000</u>	<u>1.7% of taxable income</u>
23	<u>Over \$ 7,000 but not over \$ 14,000</u>	<u>\$ 119 plus 3.2% of</u>
24		<u>excess over \$ 7,000</u>
25	<u>Over \$ 14,000 but not over \$ 20,000</u>	<u>\$ 343 plus 4.7% of</u>

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excess over \$ 14,000
Over \$ 20,000 \$ 625 plus 4.9% of
excess over \$ 20,000.

E. The tax on the sum of any lump-sum amounts included in net income is an amount equal to five multiplied by the difference between:

(1) the amount of tax due on the taxpayer's taxable income; and

(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income. "

Section 2. Section 7-2-34 NMSA 1978 (being Laws 1999, Chapter 205, Section 1, as amended by Laws 2003, Chapter 2, Section 7) is amended to read:

"7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME. --

A. Except as provided in Subsection C of this section, a taxpayer may claim a deduction from net income in an amount equal to the greater of ~~[(1)]~~ fifty percent of the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed ~~[but not to exceed]~~ or one thousand dollars (\$1,000) ~~[or~~

~~(2) the following percentage of the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed.~~

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1 ~~(a) for a taxable year beginning in~~
2 ~~2003, ten percent;~~
3 ~~(b) for a taxable year beginning in~~
4 ~~2004, twenty percent;~~
5 ~~(c) for a taxable year beginning in~~
6 ~~2005, thirty percent;~~
7 ~~(d) for a taxable year beginning in~~
8 ~~2006, forty percent; and~~
9 ~~(e) for taxable years beginning on or~~
10 ~~after January 1, 2007, fifty percent].~~

11 B. A husband and wife who file separate returns for
12 a taxable year in which they could have filed a joint return
13 may each claim only one-half of the deduction provided by this
14 section that would have been allowed on the joint return.

15 C. A taxpayer may not claim the deduction provided
16 in Subsection A of this section if the taxpayer has claimed the
17 credit provided in Section 7-2D-8.1 NMSA 1978.

18 D. As used in this section, "net capital gain"
19 means "net capital gain" as defined in Section 1222 (11) of the
20 Internal Revenue Code. "

21 Section 3. REPEAL. -- Laws 2003, Chapter 2, Sections 3
22 through 6 are repealed.

23 Section 4. APPLICABILITY. -- The provisions of Sections 1
24 and 2 of this act apply to taxable years beginning on or after
25 January 1, 2003.

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